(b) if so, the details thereof and the terms and conditions of the proposal and the agreement; and

(c) how far the proposal would help petroleum sector of our country?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL):

(a) Presently, GAIL (I) Ltd. does not have a proposal for setting up a petrochemical plant in Russia in Joint Venture with Lukoil.

(b) and (c) In view of the above, do not arise.

Impact of rising international crude prices on subsidy

†824. SHRI MANGANI LAL MANDAL: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that on account of day to day increase in crude prices in international market, Government has to incur huge sum as payment of subsidy each year for keeping in check prices of petro products in the country; and

(b) if so, what are Government's views thereto alongwith details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) As passing on the entire impact of the steep increase in the oil prices to the consumers would have resulted in hardship to the common man, as the retail selling prices of petrol, diesel, PDS Kerosene and domestic LPG have not been corresponding to the increase in the prices of crude oil and petroleum products in the international market.

The Public Sector Oil Marketing Companies (OMCs) are therefore incurring under-recoveries on domestic sale of these products. The OMCs have incurred gross estimated under-recoveries of Rs. 26,363 crore (Prov.) on sale of these products during the period Apr-Sept' 07. The under-recoveries are without considering oil bonds, upstream assistance and refinery discounts.

The Government has adopted the principle of equitable burden sharing between the Government and the oil PSUs to protect the interest of vulnerable sections of society. In this context, Government has issued oil bonds to the extent of Rs. 11,500 crore and Rs. 24,121 crore during the years 2005-06 and 2006-07 respectively to OMCs as part of compensation for the under-recoveries incurred by them. For the year 2007-08, Government has approved the issuance of oil bonds to the tune of 42.7% of total estimated under-recoveries.

Study for pruning cost/expenditure in oil sector

825. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Ministry has decided to carry out a study of areas where oil costs can be pruned and how marketing expenditures can be spent effectively;

(b) if so, the details of such study made so far;

(c) whether there has been any expansion of retail network or whether there has to be upgrading or revamping of the existing retail network of petroleum and natural gas;

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†Original notice of the question was received in Hindi.

(d) if so, the details thereof;

(e) whether Government has also brainstorming on the reasons for not achieving projected returns and why has the actual performance of these retail outlets fallen short of projects;

(f) if so, the details thereof; and

(g) the present position thereof?

THE MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) No, Sir.

(c) and (d) New retail outlets are set up by the Public Sector Oil Marketing Companies (OMCs) based on the feasibility study of the location. Locations found feasible and economically viable are rostered in the State-wise Marketing Plans for setting up retail outlets. OMCs are planning to commission 3215 new Petrol Pumps in the country during the year 2007-08 subject to availability of land, obtaining the NOC/statutory approvals, etc. OMCs are upgrading their existing retail network by introducing retail automation for all retail outlets selling more than 200 KL per month.

(e) to (g) After dismantling of Administered Pricing Mechanism (APM) and entry of new players in the market, it is a natural phenomenon that the retail outlets of the OMCs would lose certain market share. OMCs have formulated strategies in various segments of the market with focus on customer delight. In this regard, OMCs have taken several retail initiatives in the last 3-4 years, such as branding of retail outlets, introduction of branded fuels, loyalty based card programmes, thrust on non fuel business, new visual retail identity etc. OMCs have informed that the overall performance of their retail outlets has been found to be satisfactory.

Request to OPEC for raising crude oil output

826. SHRIMATI JAYA BACHCHAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that India has asked Organization of Petroleum Exporting Countries (OPEC) to raise their crude oil output and squeeze skyrocketing prices;

(b) if so, the details of the request and whether there has been any reaction from OPEC;

(c) whether it is also a fact that oil starved countries including India would intensify their campaign to find crude oil substitutes on a war footing; and

(d) if so, the details of the efforts being made by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) No, Sir. However, while addressing the OPEC international Seminar held in September, 2006 at Vienna, Austria, Union Minister of P&NG had raised the soaring oil price issue. The Minister pointed out that "Oil security is not just oil supply security. Even with the secure oil supply source, a developing country may not be in a position to procure adequate oil unless price is affordable. So the price stability has become an important constituent of oil security. Given the vital role of energy prices in the economic and social well being of the common man, it is imperative to provide oil at affordable prices and this is becoming increasingly difficult given the present oil price scenario."

(c) and (d) Yes, Sir. Various measures are being taken on a continuous basis to find crude oil substitute in the country, which are as follows:

i. Carving out more and more areas of natural gas for exploration for offer under various rounds of New Exploration Licensing Policy (NELP).